

WILSON BILL,
WHAT THE DEMOCRATS OUGHT TO DO.

FREE TRADE AND THE SINGLE TAX.

SPEECH
OF
HON. TOM L. JOHNSON,
OF OHIO,

IN THE
HOUSE OF REPRESENTATIVES, Wednesday, January 10, 1894.
WASHINGTON.
1894.

SPEECH
OF
HON. TOM. L. JOHNSON.

The House being in Committee of the Whole, and having under consideration the bill (H. XI. 4564) to reduce taxation, to provide revenue for the Government, and for other purposes—

Mr. JOHNSON of Ohio said:

Mr. Chairman: We of the Democratic party went before the country in 1892, asserting that the existing tariff was wrong in principle and unjust in operation; declaring the policy of protection a fraud and robbery; charging it with creating trusts, stifling commerce, throttling industry, causing enforced idleness, lessening wages, impoverishing labor, and creating a few monstrous fortunes, and pledging ourselves to abolish it if the American people gave us authority. They did give us authority, and then our haste to repeal oppressive taxes subsided, and instead of flying at the throat of protected barons and robber trusts the great Democratic party began, as it were, to wag its tail and look for crumbs.

It was the duty of a party coming into power on such pledges and at such a conjuncture to have proceeded without a moment's delay to the radical revision of the tariff. If Mr. Cleveland had shown the sagacity and courage the situation demanded the ink would not have been dry on the commissions of his Secretaries ere Congress would have been called into extra session to relieve the country of its burdens of taxation. But instead of that we proceeded to rest on our laurels and divide the spoils,

and the nation was treated to the spectacle of a President and a Congress having power to remove crushing burdens, devoting their energies to the discussion of personal claims to petty places.

The first clear duty having been neglected there came the opportunity of the extra session. It was the imperative need of the Democratic majority to have been prepared with a tariff bill by the time the silver question was settled, so that instead of adjourning we might at once have gone to work upon it, and by this time have had it through the House and far on its way in the Senate, thus saving, at least as far as we are concerned, all these weeks of disastrous delay and uncertainty. But again. General Timidity led the Democratic hosts, and again we procrastinated.

And as the climax of all this delay come the shameful days we have just passed through, in which the House has stood paralyzed because, despite our overwhelming majority, we Democrats would neither furnish a quorum to be counted nor count the one that was really present. [Applause on the Republican side.]

I, for one, am a convert to the doctrine that we should count men as present who are here. [Applause on the Republican side.] The Fifty-first Congress applied that rule to us when we were in the minority. We should now follow it, and show that the Democratic party have ingenuity enough to devise for themselves a way of counting a quorum, if they do not like the way of the gentleman from Maine. [Laughter on the Republican side.]

It is not merely that we have yet done nothing. It is that we have done nothing where we had promised much. The worst possible situation of business is not that of a high tariff, but that of a high tariff threatened with certain but indefinite redaction. This is the situation our delay has for nearly a year imposed on the country. Up to the present, thanks to our inaction, the victory of the Democratic party in November, 1892, has worked evil, not good. The McKinley tariff still exerts its strangling power, and worse than the McKinley tariff is the depressing effect of the uncertainty as to what tariff will succeed it.

While we have been fiddling Rome has been burning. While we have been seeking offices and peddling offices the very disasters that we predicted from Republican misrule have come upon the country. Who shall sell stamps at Stringtown Cross Roads and who shall play ambassador at the court of Italy have been settled, but the burning question of the tariff is yet at sea and in the dark. And now when, after the Christmas turkey and the New Year wine, we meet to consider at our leisure what shall be done to carry out the mandate of the people given us almost a year and a half ago; the cry of distress goes up from all parts of the land, and American citizens by

the hundred thousand are being fed by charity to prevent starvation.

But at last the committee charged by this House with the duty of bringing in a bill for the abolition of a system which the majority of us have declared a fraud and a robbery, have been heard from. They have given us a Democratic report and a Republican bill. "The voice is Jacob's voice, but the hands are the hands of Esau." [Laughter.]

"The American people," say the committee, "after the fullest and most thorough debate ever given by any people to their fiscal policy, have deliberately and rightly decided that the existing tariff is wrong in principle and grievously unjust in operation." And then the committee go on to present to us a bill based upon this same wrong principle and perpetuating this same grievous injustice—a bill for which they have taken the McKinley bill as a model, and of which the best that can be said is that it is the McKinley bill shaved down; or a redistribution of the spoils of protection.

Mr. Chairman, I am like the man who *could* eat crow. I will vote for this bill if I can get nothing better. But I do not like it. That it does contain some good points is true. The McKinley bill contained some good points: it put raw sugar and some other things on the free list. This bill goes further and puts wool, coal, iron ore, and undressed lumber on the free list, and in so far makes some show of redeeming our pledge to abolish protection. This is its little sprinkle of saving salt, which commends it to me. Even if it were a proposition to re-enact the McKinley bill, with the single exception of free wool, I would still vote for it if I could do no better, for every addition to the free list is a step towards free trade; every break in the link of protected interests lessens the power of the league of plunder to further squeeze the people.

But, though I might vote for this bill with pleasure if it came from a Ways and Means Committee representing a Republican House, I am disgusted and dismayed that it is presented by a Democratic committee to a Democratic House, as representing their idea of what the Democratic party, with all branches of the Government in its hands, proposes to do for a suffering people.

Put before a Republican House by a Republican Ways and Means Committee it would fitly represent the idea of "protection amended by the friends of protection." But proposed by a Democratic Ways and Means Committee to a Democratic House, as representing the idea of an Administration elected on a platform declaring protection an unconstitutional fraud and robbery, it is an evasion of promise and a political blunder of the gravest kind, a confession that the Democratic party lacks courage and honesty. [Applause from the Republican side.] It will not satisfy protectionists, for your protectionist is as bitterly opposed to you if you cut down his protection a little as if you cut it out altogether. It will not satisfy free traders, for it no more

acknowledges the free-trade principle than did the McKinley bill. Perhaps it may satisfy what are called tariff reformers, but if this is a tariff reform bill I am all the more rejoiced that I am not now and never have been a tariff reformer. I am only a plain free trader. [Laughter.]

I am satisfied that this bill does not really represent the views and wishes of the chairman. He evidently has reluctantly consented to it from two considerations: first, the number of Democratic protectionists on the committee who could not be induced to join in a more radical measure; and, second, the fear that such a measure could not pass the Senate. For the first he is not responsible, but as to the second I think he has made a mistake. It is not our business to consider now what the Senate will do. The bill that passes this House ought to represent the judgment and wishes of this House. If the Democrats of the Senate refuse to join with us in carrying out the Democratic pledges let them take the odium.

No man could make the speech that the chairman of the Ways and Means Committee made here the other day, no man could portray the iniquities of protection so vividly as he did, and yet heartily indorse this bill. It was a great speech. Oh! Mr. Chairman, if we could only adopt the speech instead of the bill, how much better it would suit me. [Laughter.]

As it now stands the central idea of this bill is protection — the taxing of all the rest of our people for the benefit of a particular class — the manufacturer, that is to say, the capitalist. From A to izzard this privileged class has been kept carefully in view, and in all reductions of duty care has been taken that it should not be deprived of any substantial part of its un-Democratic privilege of taxing the rest of the community. The result is a bill so protective that it would have startled Hamilton or Clay. A bill which, taken as a whole, will give to the manufacturers of this country a more substantial protection: will allow them to make greater profits at the expense of their fellow-citizens than the bill of 1883, and in many cases more than the McKinley bill. In fact, if I did not know better, I should be obliged to suppose that the gentleman from Maine [Mr. Reed] and his fellows of the minority had hypnotized the majority and written the bill for them, and were making a pretense of opposing it in order to induce the Democrats of this House to accept a Republican measure under the delusion that it was a Democratic one. [Laughter.]

Mr. REED. On the contrary I called the attention of the committee to that very bad break the first time I got a look at the bill. [Laughter.]

Mr. JOHNSON of Ohio. Then I must relieve the gentleman of all responsibility. This bill does put wool and coal and iron ore and undressed lumber on the free list. For that

I render thanks, and this part of the bill I will heartily support. But men do not eat or drink or wear or shelter themselves with wool, or coal, or iron ore, or undressed lumber, and the forms into which these natural products must be changed before they can be used by the consumer are in this bill carefully taxed. Blankets or clothing, steel rails or bicycles, lumber manufactured into the forms in which it is fitted for human use, or the articles for the manufacture of which coal supplies power are *not* put on the free list. Its reductions on articles the consumer can use are, so far as I can see, mere nominal reductions, which still leave the people a prey to the trusts.

We can not abolish trusts by laws condemning them and providing for their legal prosecution; we can only abolish them by abolishing the monopoly on which they are based, and where they depend on the tariff, as most of them do, by putting on the free list every article in which we have reason to suppose a trust has been or is being formed. [Applause.] Yet our committee seems to have taken the trusts under its special care, and in this bill to have been as careful not to hurt them as though it had been organized by and for them.

One trust this bill will hurt, but the exception proves the rule. For this is a trust so outrageous, so clearly created by a duty levied for the purpose of enabling it to pocket millions, that the committee could hardly ignore it. That is the sugar trust. For its special benefit the McKinley bill, which properly made raw sugar free of duty, imposed a tax of half a cent a pound on refined sugar, a tax that yields to the Government some \$80,000 a year and to the Havemeyers and Spreckels over \$20,000,000. What does the committee do? Abolish this tax? Deprive the sugar trust of \$20,000,000 a year these hard times? No; it cuts the tax in half, and leaves the trust only the power to tax the people \$10,000,000. Could the committee have more forcibly emphasized its tenderness to trusts if it had left intact to the Havemeyers and Spreckels the full amount of the McKinley gift to them?

The only reason I have heard given why the bill reported by the committee should not have made refined sugar free is that the whole force and power of the sugar trust would then have been exerted against the bill. And this fear of irritating the trusts seems to run through the bill. I can see no trust that it has struck at, or at all injured, except this sugar trust. The nominal reductions made on many articles still leave so high a duty as to close our market to foreign importations and secure to combinations of American manufacturers as full power to squeeze the American consumer as they have under the present tariff. The whisky trust and the steel rail trust, the cordage trust and the bicycle trust, the lead trust and the starch trust—in short, the whole brood of vampires which rob the people through the agency of the Government by means of the tariff are left free to pluck the tariff-bound American consumer. He has no lobby to represent him: he has only his Congressman, and from the way some of these

Congressmen are pleading for an increase of duty on special articles I must confess that from my standpoint some of these consumers are very poorly represented.
[Laughter.]

Take steel rails, of which I happen to know something, as I am a manufacturer of steel rails. I appeal to the Democrats of the House to join me in putting steel rails on the free list. The present duty on steel rails is \$13.44 per ton, which is estimated to be equivalent to 50.44 per cent ad valorem. The committee have reduced this to 25 per cent. This seems like a great reduction. But it is only nominal, for 25 per cent is all the steel rail trust want. It is as good to them as 1,000 per cent, for it is practically a prohibitory duty.

Steel can be made here as cheaply as anywhere else in the world, and would not now be imported, save in exceptional cases, even if there were no duty; while the tendency of invention and improvement is in favor of the United States as against Europe.. The steel made into rails in this country is from native ore. What pig metal, billets, and blooms are imported are used entirely in other iron and steel manufactures. Now it costs less than \$2 a ton to make steel rails from blooms, including straightening and punching. On today's market steel blooms are selling at less than \$17; steel rails should therefore not bring over \$19. They did fall nearly to that price a few weeks ago, during a temporary break in the steel rail pool. But that pool was quickly reorganized, and the price of steel rails was put up and is now maintained at \$24 a ton; so that by virtue of the duty which keeps out foreign rails, the pool is compelling the users of steel rails to pay them 25 per cent more than a fair price.

Mr. DALZELL. Does the gentleman speak now from the attitude of a steel-rail manufacturer?

Mr. JOHNSON of Ohio. I do. Our mill makes about one-thirtieth of all that are produced in the United States.

This new steel rail pool is composed of seven manufacturers, headed by Carnegie, who absolutely control the product of more than one half of the rolled steel produced in the United States, and who have combined together to pay other large manufacturers heavy annual sums to close their works, discharge their men, and make no steel.

Now, observe, the 25 per cent duty of the committee's bill is just as good to the steel rail pool as the greater nominal duty of the existing law, and will enable the pool to keep the price up to the highest point that they deem safe. For, with a duty of 25 per cent ad valorem, steel rails cannot be imported from Europe and sold in competition

with the pool at \$24 a ton, the highest price it now chooses to ask. So that the nominal reduction made by the committee is actually no reduction at all. It will not add 1 cent to the income of the Government. It will not reduce 1 cent the price of steel to American users of steel rails, and it will not diminish by 1 cent the profits of the Carnegie pool. Hence Carnegie's satisfaction, expressed the other day, when about to sail. It is true that if the proposed reduction had come earlier it would have been of some benefit to the American consumer, for the present duty of \$13.44 a ton enabled the steel-rail pool up to a recent time to keep the price of steel rails higher still. But a greater internal competition, caused by reductions in the cost of production, has of itself compelled them to come down to \$24 a ton, and a duty of 25 per cent will enable them to maintain that price as snugly as does the McKinley law.

Mr. DALZELL. Is the gentleman a party to the steel rail trust?

Mr. JOHNSON of Ohio. I am not; but whether I am or not would make no difference. Outside of this Hall, as a steel manufacturer, I might be perfectly willing to enter a trust, but I will not defend trusts here. [Applause.]

Mr. DALZELL. I want to ask the gentleman whether he does not manufacture steel rails under the protection of one hundred and two patents taken out in the name of Arthur J. Moxham?

Mr. JOHNSON of Ohio. I am very glad the gentleman gives me an opportunity to answer that question. I could not have brought the matter in this debate otherwise. Our steel rails are not protected by a single patent. We had at one time several patents covering steel rails. Upon two of them the courts, very wisely I think, decided against us; and the others relate to sections that have gone out of fashion. If steel rails were put on the free list tomorrow, we would be open to the competition of the world upon every pattern we make.

Mr. DALZELL. I do not want to intrude upon the gentleman, but if he will allow me I would like to ask another question.

Mr. JOHNSON of Ohio. Go on.

Mr. DALZELL. Is not Arthur J. Moxham president of your company?

Mr. JOHNSON of Ohio. He is.

Mr. DALZELL. Has not Mr. Arthur J. Moxham one hundred and two patents covering the manufacture of steel rails and various appliances in connection with steel rails?

Mr. JOHNSON of Ohio. I think the gentleman underestimates the number of patents that Mr. Moxham has taken out. I think they number nearer two hundred. Not one of these on the process of manufacturing rails has been taken out abroad, and consequently would not interfere with the making of rails in England or Germany, and so could not interfere with English or German manufacturers in bringing into this country rails made in competition with us. I will repeat, that two concerns in this country infringed on several patents that we thought we had on rails and in the infringement suit we were beaten—I think rightly.

Mr. DALZELL. Now, will the gentleman answer another question?

Mr. JOHNSON of Ohio. Certainly.

Mr. DALZELL. Is not the gentleman paying his workmen today in scrip?

Mr. JOHNSON of Ohio. I will answer that question and as many more as you may ask. In Johnstown, where our mill is located, we have been paying for years in wages 30 or 40 cents a day more than our neighbors. I do not say this with the view of arousing any sympathy or claiming any credit. We did it not because we loved our men better than others loved theirs, but for the plain business reason that it paid us to do this. We had the pick of the men. Today we are paying for common labor \$1.50 a day, while our neighbor, the Cambria Iron Company, member of the steel-rail pool, is paying 85 cents a day. We do this because we believe that we get a better return by paying \$1.50 a day than we would if we paid 85 cents.

Now, we are not paying our men in “scrip.” During this panic we found that our customers, the street railroad men, had plenty of bonds, but no money. After consultation with the Cambria Iron Company and others, from whom we bought some of our materials, we agreed to take our pay in bonds. We then called our men together and said, “We have this opportunity to make some rails by taking our pay in bonds. We will do this if you will take two-thirds of your pay in the same thing we are paid in, and we will pay you one-third in cash. Will you go on this way, or shall we shut down?” Our men, after we had withdrawn from the meeting, decided unanimously that they would like to go on at the old rate of wages, taking one-third of their pay in money and the other two-thirds in that form in which we took all of our pay, namely, in bonds. [Applause, and cries of “Good!” on the Democratic side.] As a result of this arrangement we have issued to our men some twenty or thirty thousand dollars of what you call “scrip,” but what is really the evidence of their interest in these bonds. The first series of these certificates has already been redeemed at par. [Applause on the Democratic side.]

Mr. DALZELL. I would like to ask the gentleman whether that scrip is not today at a discount at Johnstown?

Mr. JOHNSON of Ohio. That can not be possible, because the first series was redeemed today at par.

Now, I want to ask the gentleman a question. Does he deny the existence of the steel rail pool?

Mr. DALZELL. I do deny the existence of a steel rail trust.

Mr. JOHNSON of Ohio. Well, you make no quibble on the word "trust," or "pool?"

Mr. DALZELL. There was a combination between the steel rail manufacturers.
[Applause on the Democratic side.]

Mr. JOHNSON of Ohio. Go on, I will wait for you.

Mr. DALZELL. There was a combination between certain steel rail men, which was broken up by the refusal of a large number of firms to go into it, and it fell of its own weight. There was no condition in it for keeping up prices, and as a matter of fact the prices continued to fall from the time of the formation of the trust until its termination. The prices of rails steadily fell all the time; and in addition to that --

Mr. JOHNSON of Ohio. Go on.

Mr. DALZELL. A large proportion of the steel rail mills today are in the hands of receivers. The gentleman knows that to be a fact.

Mr. JOHNSON of Ohio. But you deny that there is a pool?

Mr. DALZELL. Yes, sir.

Mr. JOHNSON of Ohio. Well, here is a copy of a contract with the Maryland Steel Company, which proves its existence. (See Exhibit A at close of remarks.) [Laughter and applause on the Democratic side.]

Now, in the Iron Age, the official organ of the steel producers, in the issue of November 16, 1893, page 889, you will find a synopsis of the agreement forming the old steel rail pool. At Baltimore the other day, on the 22d day of November to be

exact, in the circuit court room No. 2, there was a petition presented by the Maryland Steel Company, asking the privilege of selling 303,000 tons of steel rails at \$25 a ton to one Robert F. Kennedy, The contract was presented in legal form. Here is a copy (Exhibit A, above referred to), which anybody can inspect for himself. It has a condition that in case Kennedy fails to take the rails each month he shall pay a dollar a ton, or about a thousand dollars a day, as a forfeit. This is the real point in the contract, and shows the existence of the pool. It is in reality not a contract for making rails, but a contract not to make rails.

Now, I have been endeavoring to discover who this Mr. Kennedy is. I find he is a large stockholder, director, and member of the executive board of the Cambria Iron Company, a rival concern to the Maryland Steel Company. He is also secretary of the board of control of the present steel rail pool, which went into existence about the 22d of November last. Mr. Kennedy, the secretary of this pool, makes a contract with a rival concern at Sparrow's Point to pay them about \$1,000 a day to close up their mill and make no steel. The effect of retaining a duty of 25 per cent on steel rails, as the committee propose, will be to perpetuate the pool. [Applause on the Democratic side.]

This Sparrow's Point mill, I understand, is in the district represented by my friend, Mr. Talbott of Maryland. He should feel some interest in a contract which would discharge the workmen in his district.

But that is not all. At Steelton the Pennsylvania Steel Company, really the same concern as the Sparrow's Point establishment, get from the pool \$80,000 a year to stop making steel rails above 50 pounds to the yard.

As to the breaking of the pool, it seems that the Maryland Steel Company was not considered very reliable by the other members of the pool, who suspected that it was underselling the pool rate, which last spring was \$29; therefore Mr. Carnegie broke the price and carried it down to about \$21.80. This went on but a short time, and then the new and present pool was organized.

Mr. DALZELL. I am not prepared to deny the statement the gentleman makes, for I have no personal knowledge of the facts, and am therefore bound to accept his statement. But if that be true, I want to say to him that I reprobate trusts just as much as he does, and will cooperate with him in any proper way for their suppression.

Mr. JOHNSON of Ohio. I shall be glad to have the cooperation of the gentleman. As far as I am personally concerned I am a thoroughgoing monopolist [laughter], and would be willing, outside of this Hall, to take advantage of any of the bad laws that you put upon the statute books; but I will not defend them here. [Laughter and

applause on the Democratic side.]

Structural iron and steel have been treated in the same way as rails. A 35 per cent duty has been left on them, which is more than enough to permit the steel pool, of which again the Carnegie concern is the leading member, to compel American builders to pay them the highest price they could safely ask if the importation of structural steel and iron were absolutely prohibited. It is but mockery to call such changes in the tariff reductions. So with the lowering of the duty on bicycles from 45 per cent to 35 per cent. This lower rate will suffice to keep out foreign bicycles, except for those to whom price is no object, and will enable the bicycle trusts or pool to continue to deprive hundreds of thousands of American boys of the opportunity to avail themselves of an innocent, invigorating, and useful amusement.

From the standpoint of a free trader, or perhaps even from that of a tariff-for revenue man, the Wilson bill is some improvement on the McKinley bill. But it is a very small one. The committee have not even been consistent in striking out specific duties, those devices for compelling the poor to pay more than the rich, and they have slavishly copied many of the tricks and devices which interested parties had put into the McKinley bill, in some cases, doubtless, without the knowledge of the author himself. Such, for instance, is the little trick about the rebinding of books, which was shorn of its effects in the McKinley bill by the decision of our courts. It appears again in the Wilson bill, so fixed as to pass the courts. Governor McKinley in a recent speech in Ohio denounced free traders as theorists and tariff-tinkers who had got their knowledge out of books. No wonder he wanted to tax books. But what could have induced the scholarly chairman of our Ways and Means Committee, a Democrat and a book lover, to not merely continue the odious McKinley tax on books, but to make it worse, so that under the provisions of his bill a man who has a few stitches put in the binding of an old book may be taxed at the rate of a dollar and a quarter on a five-dollar book that he might otherwise import for nothing.

But it is useless now to take up the time of the House with details. I propose at the proper time to offer some amendments to the bill, in the effort to get some of the protection out of it and some real reduction of taxes into it. As I have said, I will vote for this bill so long as a shred of reduction is left in it; but I object to its whole spirit, to the timidity and cowardice that breathes through it, to its tenderness with trusts, and its reluctance to reduce protection.

Mr, Chairman, the concession that there can be any vested right in the privilege of taxing the many for the benefit of the few, and that those who have profited by robbing the people must not be shorn of their unjust power too quickly, is a denial of the first principle of Democracy. The admission that there could be any injury to the

country were we to abolish protection too quickly is the admission of the Republican charge that the mere talk of reforming the tariff has already brought disaster. Either protection is good for the country or it is bad. If it is good, we can not have too much of it. If it is bad, we can not cut it off too quickly or too entirely.

To admit that there is any good reason for keeping up one tariff tax other than that of raising revenue; to admit that there is any special business or interest entitled to consideration in reducing taxes, is to stultify the Democratic position; it is to admit that we are wrong in attempting to reduce the tariff at all.

This is the illogical position in which the committee have put themselves. They have made a logical and political mistake in listening to the pleas of the beneficiaries of protection, and instead of the simple, clear-cut measure they might have proposed had they tried only to carry out the Democratic platform, they have been worrying themselves with the attempt to discover what reductions could be made with the least harm to private interests.

Can you stamp out fever without lessening the profits of doctors, nurses, and undertakers? Can you stop robbery without withdrawing the hand of the robber from the pockets of the robbed? The committee ought not to have listened to the advice to deal carefully and tenderly with protected interests, and we ought not to. We should not have begun the fight against protection unless we were ready to carry it to the end. The Republican way of making a tariff is simple. It is to impose on the people whatever tax is asked for by any one who says such a tax would benefit him. The true Democratic way of amending a Republican tariff is equally simple. It is to abolish every tax any private interest wants to maintain. For where private interests object to the remission of a tax, it is certain that the Government is not getting all that that tax costs the people.

That you can injure industry and hurt labor by abolishing tariff taxes too quickly and too completely, I deny. You will injure monopoly and hurt trusts; but you will stimulate industry and give labor relief. Take the business in which I am interested. If you put steel rails on the free list, as I intend to move, you will not shut up mills; on the contrary, you will open them, for the steel-rail pool can then no longer, out of the extra profits the tariff gives it, afford to pay for keeping mills idle. There will be greater activity and a greater demand for labor in the making of rails. And so with structural steel. But the benefit will not end there. The men engaged in making steel rails and structural steel are but a handful compared with those engaged in laying rails and erecting buildings and bridges, and even they are few, compared with the men such erections set at work. You will lessen the profits of some of us steel manufacturers, but you will stimulate industry, give idle labor a chance for

employment, and so tend to raise wages.

Mr. WALKER. The gentleman ought to make it clear as to the cost of steel rails as long as he has entered into that subject. I understand the gentleman to say that the raw material for the steel rails costs \$16 a ton and that it costs \$2 a ton to make steel rails. Does the gentleman include in that the interest, wear and tear, repairs on plant, etc., or is it simply what it costs in the mill after the mill was constructed to make the rails?

Mr. JOHNSON of Ohio. The gentleman has not quoted me quite correctly.

Mr. WALKER. I did not intend to misquote you.

Mr. JOHNSON of Ohio. I know that. What I said was that the price of blooms was \$16.50. In the process of manufacturing steel rails, the bloom is the product immediately preceding the finished rail, and from the bloom to the rail it costs \$2 a ton. That includes all the items the gentleman names. But it does not cost Mr. Carnegie that much, because he does not start with the bloom. You protectionists talk about the reduction in the price of steel rails from \$100 a ton down to the present price. That was not due to the tariff, but to the inventions of such men as Bessemer and the inventors who followed him, which enable the manufacturer to day to start with the ore and coke in the blast furnace, and with one heat run it through into the converter, and from there to the ingot, and from there to the bloom, and finish it into a steel rail without stopping once to rehear. [Applause on the Democratic side.]

Mr. WALKER. Do you know how many mills there are in the world that are making steel rails substantially in the same manner as the Carnegie works are making them?

Mr. JOHNSON of Ohio. I suppose in this country there are but two. There were three, but one is now closed by the pool. That is the Sparrow's Point Mill I have spoken of. The Cambria Iron Company are changing their mill; and since you have brought me into this discussion, I will say that we are about to change our mill, and will do it whether you put steel rails on the free list or not. [Applause on the Democratic side.]

Mr. WALKER. I still want an answer, if it is within the gentleman's knowledge, how many mills there are in the world that are making steel rails substantially as Mr. Carnegie is making them?

Mr. JOHNSON of Ohio. I think probably he has the best mill in the world, but there are six or eight --

Mr. WALKER. How many would there have been if it had not been for protection?

This industry has had the benefit of protection, and under protection Mr. Carnegie has advanced the manufacture of steel rails in all the world.

Mr. JOHNSON of Ohio. Do you believe that is the result of protection?

Mr. WALKER. Yes; I believe it as much as that you and I are talking.

Mr. JOHNSON of Ohio. Do you believe that our custom houses made the inventions? Why, Bill Jones made most of the inventions for Carnegie; and if Bill Jones were living today he would repudiate your idea. [Applause and laughter on the Democratic side.]

Mr. WALKER. I hope the gentleman will allow me one question.

The CHAIRMAN. Does the gentleman from Ohio yield to the gentleman from Massachusetts?

Mr. JOHNSON of Ohio. Certainly.

Mr. WALKER. I will ask the gentlemen whether Bill Jones had the capital to develop his patents, or whether the capital of Mr. Carnegie did not develop and make available, in cheapening the cost of steel rails, the patents of Bill Jones. Can not he prove that by Bill Jones?

Mr. JOHNSON of Ohio. Bill Jones was no myth. He was one of nature's noblemen. Bill Jones was one of the men who stood side by side with us in relieving the people after the Johnstown flood, and he helped in that when rich men were shirking. [Applause.] Bill Jones furnished the brains and Carnegie furnished the money that made Carnegie's mill what it is today. [Laughter and applause.]

Mr. Chairman, what is true of steel is true of all industries. If we could abolish the whole tariff on the 1st of February I do not believe there is a single manufacturing industry that would close. On the contrary, all that were not purely exotics, kept alive by taxes, would be greatly stimulated. Foreigners would want more of our products, and foreign markets would be open to our goods. Wheat would bring more to the grower, and labor would bring more to the laborer, and the masses of our people would want and could pay for more manufactured goods. You can not depress industry and impoverish labor by remitting taxes; that is done by imposing taxes.

Manufactures need no protection. It was not manufacturers who settled this country, and were the pioneers of its Western growth. It was farmers. Import duties on what is

received in exchange for farm products shipped abroad are equivalent to export duties on those products. If you want to help manufactures repeal them. Let the farmers be prosperous and manufactures will thrive. It was not the tariff that made Cleveland and Toledo and Cincinnati and St. Louis and Chicago manufacturing centers. No seaboard tariff could protect them. It was the growth of the western agricultural population.

Of all the nonsense talked against the reduction of tariff taxes, the claim that they benefit the workingman is most transparent. The effect of these taxes is to increase the price of everything that the workingman sells his labor for, since the money he gets is only the medium with which he obtains what is the real object of his labor. Granted, which is only true in a comparatively few cases, that such taxes increase the profits of his employer. Do employers pay larger wages when they get larger profits? I do not [laughter], and even philanthropists do not.

Take Mr. Andrew Carnegie, who gives like a prince out of the millions the tariff has enabled him to take from his fellow-citizens. He gives like a prince from his more than princely income, but he does not raise wages unless he has to. Before he started for Jerusalem a few days ago, he utilized the tariff to reestablish the steel-rail pool and pay other manufacturers to shut up their works and throw their men out of employment; then a general cut in wages was made in all his great establishments; and then he announced himself ready to give as much as \$5,000 a day to feed the unemployed in Pittsburg — a place that, if there were any truth in the theory that protection is good for labor, ought to be a very paradise for workingmen. Now, which is best for labor, plenty of charity soup-houses or plenty of employment? There is the question between protection and free trade. [Applause on the Democratic side.]

Why should we fear free trade? Why should we talk of it as some deadly drug of unknown power that can only be introduced slowly into the social system? Is not this the greatest free-trade country in the world? If a foreign enemy were to cut the railroads between Pennsylvania and New York, or blockade the lake trade between Ohio and Michigan, would we listen to those who told us that we must be careful not to reopen freedom of trade too quickly.

All this talk about injuring industries and depriving workingmen of employment by reducing taxes too fast is protectionist talk and the true place for the man who believes it is in the Republican party. We heard it all before election, and if we did not believe it then, why should we believe it now? The majority of American voters did not believe it then, or Mr. Cleveland would not be in the White House, and we would not have a majority here.

Mr. Chairman, there is no use in my wasting effort on gentlemen like the signers of

the minority report who still think a tariff an invention for taxing foreigners, and that the way to raise wages is to let employers impose what taxes they want to. But I wish to address myself directly to my fellow Democrats.

I believe the result of the next election hangs on the action of this House in this matter. We Democrats were sent here as the result of what the committee have truly styled the “fullest and most thorough debate ever given by any people to their fiscal policy.” We met the Republicans on this tariff question and defeated them. All that the trusts and rings and protected interests could do against us was done, but we triumphed so overwhelmingly that for the moment the Republican party seemed to be destroyed. What would be the result of a similar election tomorrow? The November elections have told us we would be beaten out of sight. And the reason of this is that we have done nothing to redeem our pledges or shown any disposition to do so.

The time may have passed very pleasantly with us, meditating on what we should do after awhile, and listening to gentlemen who tell us how dreadful it would be if we did not keep on paying the bounties and maintaining the war ships and supporting all the useless officials the Republicans saddled us with, and how even still more dreadful it would be if we were too quick in cutting off Republican taxation, and were to happen to cut off more than the people who have to pay it like. But with wheat at 50 cents a bushel and soup-houses in every city, the masses who feel the burden are in no mood for delay. It is only a matter of months now when the elections will be on again. If we do not want to be politically swamped we must act quickly and act strongly.

I am far from asserting that the bottom cause of the present distress is the tariff. It is something greater than that — it is the monopolization of land, the natural opportunity of all employment, the natural prerequisite of all wealth, and such distress must recur again until we come to the only true mode of raising revenue, the only full free trade — the single tax. But a quick and sharp reduction of taxation and breaking down of the trusts and monopolies that have grown up from the Republican tariff will give large present relief and start again the wheels of industry. The people who elected us demand some measure of relief; not something cautious and slow, but something quick and large. Our danger is not in reducing taxes too far and fast; it is in not reducing them far enough and fast enough. It is the part of political sagacity for us to cut off taxes so quickly as to make the head of every trust in the country swim.

It is bad politics to ignore the friends who voted for you in order to please enemies who opposed you. That is what the majority of the committee have done in reporting such a protectionist bill. What have they gained by their “moderation”? Simply the sneers of the minority. Every Republican member will oppose their bill; every Republican paper will denounce it; every ring and trust will fight it just as strongly,

just as bitterly, just as persistently as they would oppose the bill that I would like to introduce. That bill would be short and simple. It would read:

Sec. 1. All import duties and corresponding internal-revenue duties are hereby abolished, and all officials engaged in collecting such duties are hereby discharged.

Sec. 2. The Secretary of the Treasury is hereby directed to sell all custom-houses and revenue cutters, and pay the proceeds into the Treasury.

Sec. 3. This act shall take effect immediately.

Such a bill would excite no more protectionist opposition than this poor, timid, little Wilson bill will. But it would not be sneered at, and it would arouse a mighty support, that this bill can not get.

Such a bill as that I do not hope for now, but if we want to see another Democratic victory let us stand up to the platform of our party, and retaining what free list the committee have proposed, add to it such things as steel rails and bicycles, and strike out all the protection they have filled into the bill.

Mr. Chairman, it is political folly for us to be timid about cutting down protection. The men who beseech Congress not to reduce duties will only laugh at our concessions and hate us as much for a reduction of 1 per cent as for that of 100 per cent. They represent the class we defeated in 1892. We fought them like lions on the stump and defeated them there. Why should we like lambs listen to their appeals for a longer time to rob our constituents, in order to put part of the money in the next Republican election fund, as they surely will do? It is political folly for us to be timid about cutting down protection. If we do not do that so quickly and decidedly as to give the masses relief no Democrat will again for many a day fill the Speaker's chair or occupy the White House. We will be beaten, and will deserve to be beaten.

Mr. Cleveland missed the golden opportunity to give quick response to the popular will by not calling us together to abolish protection on the day of his inauguration. The serious question is whether it can now be done in time to have effect before the next election. If it can not, the Democratic party will lose one branch of Congress if not two, and will begin its travels into the wilderness again, to stay there, I hope, till a party having the courage of Democratic conviction arises.

In the timid course we have hitherto pursued, and that is outlined in this bill, we are estranging the men who in every doubtful State and district hold the balance of power.

One important body of these men, important in their growing numbers and more important in their intelligence and influence — the single-taxers — you can count on supporting you so long as they can not get a more radical party; for they support, not men nor parties, but a principle. Yet they dislike a whitewashed protectionist more than they do a thorough-going one, and will turn against a timid Democracy the moment they can get a real Democrat to vote for. And there is a great class whom you can not count on — those who have no settled conviction on the tariff question, many of whom voted for you in 1892 because they felt a deep wrong somewhere and wanted a change.

Now, in hesitating to carry out the party's pledges, in admitting that we must go slow and easy in abolishing protection, and that disaster would follow if we cut away too much taxation, you are showing them that Democrats do not believe what the Democratic platform said, but do really believe what the Republican platform said. Can you wonder that, as the November election indicated these men will believe the Republicans — that the suffering and distress are, as they assert, the result of the Democratic victory, and the next change they seek will be to send us to private life?

I know that there are many Democrats here who are not in sympathy with the Democratic platform, and are at heart protectionists. The part of political wisdom for them is to go over to the Republican party where, in the struggle now beginning over economic issues, they really belong. But while they remain with the Democracy they must share its fate; and whether they may deem it politically wise or foolish for the Democracy to have begun this fight against protection, they must certainly see that the only safety now is in going forward.

But at the worst there are some of us who believe what we have professed, and to whom Democracy means nothing if it does not mean free trade. Let us at least stand together to cut the protectionism out of this bill. If we can not succeed, we can at least show our hands. There is political destruction in timidity. The only political safety is in courage. [Applause.]

Mr. CANNON of Illinois. The gentleman has given us the bill that he would like to enact, repealing all the present revenue laws; will he be kind enough now to give us also the brief bill he would put in their place to raise revenue for the support of the Government?

Mr. JOHNSON of Ohio. Oh, yes. I would put the tax upon the monopolization of

natural opportunities; upon land values irrespective of improvement — the values which are created by the community and which the community have the first right to. [Applause.]

Now, Mr. Chairman, I know it is a long way from a protective tariff to the single tax, but I want to make the start. Of all the known methods of raising revenue the worst is a tariff, and of all tariffs the worst is a protective tariff.

The best of all taxes is the one I have indicated — the single tax. I will vote with you, gentlemen, on every step between the worst and the best. If, on the way, you want an income tax, I will vote for it, though I do not like income taxes. But any tax on what men have is better than a tax on what men need. [Applause.] Any tax on wealth in any form is better than a tax on consumption in any form. I am far from charging that our present difficulties — this great depression through which we are passing — is due to the acts of either political party. I do not believe that the tariff cuts anything like the figure in this distress that people generally give it credit for.

We have to look further than that to find the cause, for there is no civilized country on the globe, except perhaps New Zealand, where the single tax has been begun, that is not suffering at this time from depression. We must look further than tariffs. But the measure I would propose in answer to the gentleman from Illinois would go to the heart of this world-wide question, would solve the labor problem — it is the single tax. [Prolonged applause on the Democratic side.]